

Message Text

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11

ACTION NEA-10

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FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 3678

USDOC

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY CAIRO

AMEMBASSY MANAMA

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY MUSCAT

LIMITED OFFICIAL USE ABU DHABI 2596

E.O. 11652: N/A

TAGS: ETRD, TC

SUBJ: ANTITRUST SUIT AGAINST BECHTEL

REF: STATE 297842

1. TOGETHER WITH OTHER ANTI-BOYCOTT ACTIONS BEING TAKEN BY USG, JUSTICE DEPT. ACTION AGAINST BECHTEL WILL HAVE SPECIAL IMPACT IN UAE. IT IS FAR AND AWAY THE PREMIER US FIRM OPERATING HERE, CURRENTLY ENGAGED IN THE LARGEST SINGLE CONSTRUCTION CONTRACT (DAS ISLAND LNG PLANT), AND WITH THE INSIDE TRACK AS WELL ON THE \$1.2 BILLION ON-SHORE GAS UTILIZATION PROJECT. IN ADDITION, BECHTEL HAS WON UNIQUE POSITION OF CONFIDENCE WITH ABU DHABI LEADERSHIP AND AS RESULT HAS BEEN AWARDED SEVERAL IMPORTANT AND CONFIDENTIAL CONSULTANCIES--FOR EXAMPLE ENGINEERING FOR MILITARY AIRPORT AND LONG-TERM INDUSTRIALIZATION SCHEME FOR ABU DHABI. ASIDE FROM OTHER LIMITED OFFICIAL USE

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WASHINGTON ACTIONS, THEREFORE, CASE AGAINST BECHTEL, IF

IT IS PURSUED, IS LIKELY TO PUSH WHOLE BOYCOTT ISSUE TO FORE
HERE. ABU DHABIANS WILL REACT WITH PUZZLEMENT AND CONCERN
AT THIS INSTANCE OF USG WILLINGNESS TO INFLICT WOUNDS UPON ITSELF.

2. IT IS TOO EARLY TO PREDICT THAT AS RESULT OF ANTI-BOYCOTT
CAMPAIGN IN US UAE OFFICIALS AND MERCHANTS WILL DECIDE IT IS
NOT WORTH DEALING WITH US FIRMS. WE ARE MORE DISTURBED AT
EFFECT SUIT AGAINST BECHTEL WILL HAVE ON HOW US FCNMS PERCEIVE
THE RISKS ASSOCIATED WITH OPERATING IN THE UAE. LIKE THE OLD
MAID WHO SEARCHES UNDER HER BED AT NIGHT, SO DO MANY US
FIRMS FIND POTENTIAL RISK IN ALMOST EVERY ASPECT OF DOING
BUSINESS HERE. BECAUSE THE

AREA IS SO NEW, THE "DOWNSIDE" RISKS FOR US CONTRACTORS
IS HIGH. TO THE SCYLLA OF THE LOCAL ENVIRONMENT MUST NOW BE
ADDED THE CHARYBDIS OF ANTI-TRUST LEGISLATION.

3. IMPLICATIONS OF OTHER ANTI-BOYCOTT MEASURES EMANATING OUT OF
WASHINGTON, INCLUDING OUR EFFORTS WITH UAE OFFICIALS TO KEEP LID
ON WHILE DEPARTMENT ATTEMPTS BRING SITUATION UNDER CONTROL,
ARE SUBJECT OF SEPTTEL. WE WISHED, HOWEVER, TO FLAG
SPECIAL POSITION BECHTEL HAS HERE AS SYMBOL OF US
BUSINESS PRESENCE. WE URGE DEPT AND WHITE HOUSE
TO DO EVERYTHING POSSIBLE TO DISSUADE JUSTICE DEPT FROM
PURSUING SUIT. IF BECHTEL GETS EMBROILED IN LONG DRAWN OUT
LITIGATION WE BELIEVE IT WILL HAVE SERIOUS DAMPENING EFFECT
ON WILLINGNESS US FIRMS TO COMPETE FOR CONTRACTS HERE AND
ELSEWHERE IN ARAB WORLD. MOREOVER, IT APPEARS CLEAR THAT
PRESSING SUIT ON THESE LINES AGAINST BECHTEL GOES FAR BEYOND
EITHER PRESENT US LEGISLATION OR PRESIDENT'S INTENTIONS IN TIGHTENING
US REGULATIONS ON BOYCOTT, BOTH OF WHICH ARE CAREFUL TO LEAVE FINAL
DECISION RE COMPLIANCE OR NON-COMPLIANCE WITH BOY-
COTT REGS IN HANDS OF FIRMS THEMSELVES.
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